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Supreme Court of the United States

OCTOBER TERM, 1962

No. ~~655~~ 75

ARO MANUFACTURING CO., INC., ET AL.,
PETITIONERS,

v.

CONVERTIBLE TOP REPLACEMENT CO., INC.,
RESPONDENT.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT

REPLY BRIEF FOR PETITIONERS

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No. 833

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Respondent's principal argument in the Brief in Opposition (p. 1) is (a) that the petition presents only the single issue of "Did the Court of Appeals below properly heed the mandate of this Court" and (b) that since "the Court of Appeals followed this Court's mandate precisely . . . [, t]he petition should be denied." The contention that the petition presents only a single issue is clearly erroneous as a cursory reading of the petition will reveal. Furthermore, the respondent's claim that the Court of Appeals "precisely" followed the mandate fails grotesque-

ly to reflect the puzzlement acknowledged by the Court of Appeals itself as to "whether the Supreme Court in reversing this court intended to reverse *in toto* or only to reverse insofar as replacement tops for General Motors cars were concerned" (Pet. 8a).[1] Therefore, we believe a brief response is warranted.

1. Even if we assume that the mandate of this Court did not prohibit the Court of Appeals from reinstating a portion of its prior judgment, review of the decision of the court below is still important. For the decision of the court below conflicts with the *Mercoid* cases[2] and other decisions of this Court reflecting a "hostility to use of the statutorily granted patent monopoly to extend the patentee's economic control to unpatented products."[3] *Mercoid* stands for the proposition that one can sell an unpatented element for use in a patented combination without obtaining the patentee's consent. Therefore, whether Ford cars were ever licensed has no bearing on the result that the decision of the court below conferring patent monopoly over unpatented Ford replacement fabrics is in direct conflict with *Mercoid*. In neither of its opinions has the Court of Appeals even mentioned *Mercoid*.

Whether the result reached by the court below is or is not prohibited by the Court's mandate in no way detracts from the importance of this case in delimiting the bounds of the combination patent monopoly[4] permitted by the

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[1] We use the designation "Pet." to refer to the petition for writ of certiorari and the designation "Br. Op." to refer to the brief in opposition. The West citation to the opinion of the court below is 312 F.2d 52.

[2] *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U.S. 661; *Mercoid Corp.* v. *Minneapolis-Honeywell Co.*, 320 U.S. 680 (1944).

[3] *United States* v. *Loew's, Inc.*, 371 U.S. 38, 46 (1962).

[4] "The basic fallacy in respondent's position is that it requires the ascribing to one element of the patented combination the status of patented invention in itself." *Aro Mfg. Co.* v. *Convertible Top Co.*, 365 U.S. 336, 344-45 (1961).

statutes and Constitution, bounds of great importance to businessmen who want to sell unpatented parts for installation in patented machines, nor from any of the other reasons advanced in support of granting the petition.

2. Respondent erroneously states that petitioners "conceded liability for unlicensed Ford cars and, in going to the Court of Appeals the first time, argued the licensed G.M. situation only" and "this was the only subject matter on which Aro sought review" in this Court (Br. Op. 5-6). The record shows that these assertions are false. Our fourth question presented on the prior appeal read, "Does the sale of an unpatentable component for replacing a worn element of a patented combination constitute contributory infringement under 35 U.S.C. § 271 (1952)" (R. 642). And the Court restated the substance of our principal question presented as follows:

> The principal, and we think the determinative, question presented here is whether the owner of a combination patent, comprised entirely of unpatented elements, has a patent monopoly on the manufacture, sale or use of the several unpatented components of the patented combination. 365 U.S. at 338-39.

The Court answered the question by saying:

> No element, not itself separately patented, that constitutes one of the elements of a combination patent is entitled to patent monopoly however essential it may be to the patented combination, and no matter how costly or difficult replacement may be. 365 U.S. at 345.

3. Respondent apparently relies upon the often-cited letter (Br. Op. 8) from the Department of Justice[5] as negating any general public interest or economic significance in whether a seller of unpatented replacement components requires the combination patentee's consent. In its brief filed in August 1960, the Government necessarily concluded that the patentee's consent was not required when it said:

> However, since replacement of the fabric is not direct infringement, petitioners, as supplier of the replacement, cannot be guilty of contributory infringement.[6]

4. Respondent erroneously contends that petitioners seek the following rule of law:

> Even though there has never been any pleading or proof of antitrust violation; even though the definitive ruling below rejected such contentions; and even though this ruling was accepted and the contentions thereafter abandoned, nevertheless . . . the Court below, on remand, should award antitrust damages when this Court reverses on an entirely different question (Br. Op. 10).

It is true that this Court reversed "on an entirely different question" because the interlocutory judgment (R. 42-44)

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[5] This is the same letter reproduced in two documents previously filed by the respondent. 365 U.S. 336, Brief for Respondent p. 76; Respondent's Petition for a Limited Rehearing: or, in the Alternative, Motion for Amendment or Clarification of the Court's Opinion p. 5.

[6] 365 U.S. 336, Brief for the United States as Amicus Curiae p. 7. The Government also said, "Petitioners contend that the standards of 35 U.S.C. 271(c) are not met in this case, but for reasons set forth in the text we do not believe this question need be reached." *Id.* p. 7 n. 8.

previously reviewed by the Court dealt only with the infringement and contributory infringement of the patent. But respondent is in error when it states that "the definitive ruling below rejected such contentions" of antitrust law violation, for the final judgment of the District Court dismissed our counterclaim expressly without prejudice (RA. 3). And our cross-appeal (RA. 70) is hardly an acceptance of an adverse ruling or abandonment of a claim to relief for antitrust law violations established by the record.

Respondent also misconstrues our position on what we believe is a serious error of law by the court below when it says that "there has never been any pleading or proof of antitrust law violation . . . ." Neither of the courts below purported to even look at the record to see if there had been proof of antitrust law violation. The only reason stated by the Court of Appeals for refusing to even look at the record is that petitioners have "never pleaded a cause of action under the antitrust laws" (Pet. 11a). We believe that the Court of Appeals failed to follow the modern federal rule that a cause of action is stated in a pleading containing allegations supporting the pleader's right to recovery on any legal theory and regardless of the prayer for relief.

As the Court said in *Foman v. Davis*, 371 U.S. 178, 182 (1962):

> If the underlying facts or circumstances relied upon by a . . . [pleader] may be a proper subject of relief, he ought to be afforded an opportunity to test his claim on the merits.

Surely petitioners' original pleading alleging that respondent's assignor was a party to at least one licensing agreement "improperly extending the scope of the claimed

subject matter" of the patent in suit and "has thereby misused said patent and has improperly restrained commerce" (RA. 10-11) states a proper subject of relief for antitrust law violations. And the record now plainly establishes the truth of at least these allegations sufficient to support petitioners' right to relief under the provisions of Rule 54(c).

Apart from the importance of granting the requested relief as an aid in effecting compliance with the antitrust laws, the traditional role of federal courts of equity as dispensers of substantial justice in accordance with rules of fair play requires granting redress to these petitioners whose family business of making and selling unpatented replacement fabrics has been hampered for many years by this respondent, a shell suing corporation formed solely to bring and maintain this suit against these petitioners while leaving them an assetless shell incapable of even paying court costs. Granting the relief required by Rule 54(c) in this case carries out the policy of the Federal Rules of Civil Procedure expressed in Rule 1 "to secure the just, speedy, and inexpensive determination of every action." *Roman* v. *Davis*, 371 U.S. 178, 182 (1962).

Conclusion

For the foregoing reasons and those advanced in the petition, the petition for writ of certiorari should be granted.

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